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13 GDC Technology Limited

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

12 GDC TECHNOLOGY LIMITED,) Case No.
13 Plaintiff,)
14 v.)
15 DOLBY LABORATORIES, INC.,)
16 Defendant.)
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1 Plaintiff GDC Technology Limited (“GDC”) hereby alleges the following
 2 against defendant Dolby Laboratories, Inc. (“Dolby”):

3 **Jurisdiction & Venue**

4 1. This action arises under the Copyright Laws of the United States of
 5 America, 17 U.S.C. Section 101 *et seq.*, and the Declaratory Judgment Act, 28
 6 U.S.C. Sections 2201 and 2202. This Court has subject matter jurisdiction over the
 7 declaratory relief action under 28 U.S.C. Section 1331 and Section 1338(a) based
 8 upon the existence of an actual controversy between GDC, on the one hand, and
 9 Dolby, on the other, regarding Dolby’s claim to a copyright in its digital cinema
 10 interoperability codes and related information, and Dolby’s unlawful interference
 11 with GDC’s business based on Dolby’s false claim concerning such copyright. This
 12 Court has subject matter jurisdiction over the state-law tort claims pursuant to 28
 13 U.S.C. Sections 1338(b) and 1367.

14 2. This Court possesses personal jurisdiction over Dolby pursuant to Fed.
 15 R. Civ. P. 4(k)(1)(A) and Cal. Civ. Code Section 410.10 because Dolby conducts
 16 its digital cinema business in this District, in Burbank, California.

17 3. Venue is proper in this District pursuant to 28 U.S.C. Section
 18 1391(b)(1) because Dolby resides in this District and is subject to the court’s general
 19 personal jurisdiction.

20 **Nature of the Action**

21 4. Plaintiff GDC brings this lawsuit to stop Dolby from using unlawful
 22 methods to interfere with fair competition in the digital cinema industry. GDC and
 23 Dolby are competitors. Unfortunately, Dolby has concluded that it cannot compete
 24 against GDC on the basis of Dolby’s technology, customer service, or price. Faced
 25 with that reality, Dolby has had to resort to unlawful methods. GDC has recently
 26 learned that Dolby has been telling GDC’s existing and potential customers that
 27 GDC’s digital cinema products will not interoperate with Dolby’s products and that

1 GDC's customers and GDC are violating Dolby's supposed copyright and other
 2 intellectual property rights by interconnecting Dolby's products to GDC's products.

3 5. As detailed below, Dolby's statements are false, and Dolby knows that
 4 what it is telling GDC's customers is false. GDC brings this lawsuit to recover
 5 damages caused by Dolby's misconduct and to obtain injunctive relief to stop Dolby
 6 from misleading GDC's customers and interfering with GDC's existing and future
 7 business relationships. GDC also seeks a judicial declaration that Dolby has no
 8 valid copyright or other intellectual property right in the information it seeks to
 9 monopolize, and that, even if there exists copyright or other protection in that
 10 information, GDC is engaged in fair use or other lawful conduct in using it to enable
 11 its products and Dolby's products to function together.

12 6. GDC is one of the world's largest sellers and servicers of software and
 13 hardware to theater owners that have converted from the use of physical film prints
 14 to entirely digital systems. GDC's servers have been installed to run on
 15 approximately 40,000 screens worldwide, including about 13,000 in the United
 16 States. GDC's TMS software has been installed to run approximately 17,000
 17 screens worldwide, including about 7,000 in the United States.

18 7. A digital cinema system consists of four basic components: (a) a media
 19 server, which stores the video and audio content of the motion picture to be
 20 exhibited and "plays" those files when instructed, (b) a sound processor, which
 21 receives the audio signal from the server when the motion picture is being shown to
 22 the audience and relays it to amplifiers and speakers, (c) a digital projector, which
 23 converts the video signal received from the server into an image on the theater's
 24 screen, and (d) a piece of software residing on a computer that coordinates the
 25 functions of each of those three physical devices and other equipment. Within the
 26 industry, that software is called a "Theater Management System" or "TMS."

27 8. To communicate with a media server, the TMS software sends
 28 messages and commands, such as a command to instruct the media server to begin

1 playing a given motion picture at a given time. These messages and commands
 2 typically take the form of a four-digit hexadecimal (two byte) code, embedded in a
 3 larger message header that tells the server that it is about to receive a message.
 4 These interoperability codes are at the heart of this lawsuit.

5 9. Plaintiff GDC sells GDC-branded media servers. It also sells its own
 6 TMS software. Dolby sells media servers, sound processors, and TMS software.
 7 There are other competitors in the industry. Some sell projectors. Some sell media
 8 servers. Some sell TMS software. Some sell a combination of these. For a digital
 9 theater system to function, each component must be able to communicate with the
 10 others.

11 10. The participants in this industry, including Dolby, know that. They
 12 have never attempted to maintain secrecy or a proprietary interest in this
 13 information. Nor could they. There is nothing secret about these interoperability
 14 codes. For years market participants, including GDC and Dolby, have readily
 15 shared their interoperability codes and related information with one another.¹ Even
 16 without such overt disclosure of this information, using basic computer hardware,
 17 one can easily determine the codes by reading the data transmissions between TMS
 18 software and a media server.

19 11. Were the market participants to not share this information, they would
 20 make it more difficult to sell their products to theater owners, whose needs may be
 21
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23 1 This package of information is sometimes called an “API.” However, it should not
 24 be confused with the term “API” where used in other contexts to refer to computer
 25 code that functions as an interface between two other pieces of software. The digital
 26 cinema interoperability codes and message header information at issue here are *not*
 27 computer code. They are typically embodied in the form of a booklet that describes
 28 the functions of each available message and command for the operation of a
 particular piece of digital cinema hardware. Collectively, this information is often
 titled and referred to as a “protocol.” Someone wishing to sell TMS software writes
 their own computer code to perform the functions described in the protocol and to
 operate the piece of hardware at issue, such as a media server. Among many other
 things, this code sends a message to the media server, containing the relevant
 interoperability code, when needed for the operation of the cinema system.

1 better served by buying the four basic digital cinema components from different
 2 manufacturers and sellers, or in different combinations.

3 12. To that end, for years Dolby has provided the protocols, including the
 4 interoperability codes, for its products to its competitors, including GDC. And
 5 Dolby has never taken the position that any of this information constituted any form
 6 of intellectual property that it could or that it desired to control. For example, in
 7 2011, when GDC asked Dolby to send GDC the latest Dolby media server
 8 protocols, which included the interoperability codes, Dolby provided them
 9 enthusiastically, even rebuffing the notion that any “license,” “NDA” (non-
 10 disclosure agreement), or other “legal documents” were necessary. Why not?
 11 Because, in Dolby’s own words, “We are happy to see our server become a
 12 component of as many [digital cinema] solutions as possible.”

13 13. Similarly, GDC has provided the protocols, including its
 14 interoperability codes, to Dolby and to GDC’s other competitors. As a result of this
 15 technical cooperation, sellers of TMS software have used the interoperability codes
 16 of Dolby, GDC, and others to enable their software to control the hardware, such as
 17 the media servers, sold by their competitors, including GDC and Dolby.

18 14. The cooperative relationship between GDC and Dolby began to
 19 change, however, after Dolby bought another media server manufacturer, Doremi, in
 20 October 2014. Dolby now sells the Doremi media servers under the Dolby
 21 nameplate. Although Dolby has continued to share its interconnection protocols,
 22 including interconnection codes, with every other member of the digital cinema
 23 industry, it has recently singled out GDC and decided that it would no longer do so.

24 15. Dolby has two reasons for discriminating against GDC and attempting
 25 to stymie GDC’s ability to compete against Dolby in the digital cinema business.

26 16. First, GDC is by far Dolby’s primary competitor for media servers. No
 27 other seller poses the same competitive threat.

1 17. Second, Dolby is seeking to enhance its prospects in another aspect of
 2 the digital cinema business: sound processing. In 2012, Dolby introduced a theater
 3 sound processing system called “Atmos.” Dolby claims that its Atmos sound system
 4 provides an improved audio experience for theater-goers. But in selling its Atmos
 5 system to theater owners, Dolby has to compete against others. One competitor is
 6 Digital Theater Systems, also known as DTS. Dolby’s competitive prospects
 7 dimmed in April 2015, when DTS announced a new and superior immersive sound
 8 processing technology, called “DTS:X.” GDC is licensed to use the DTS:X
 9 technology on its servers. GDC is the only media server capable of playing motion
 10 pictures with the DTS:X immersive soundtrack; not even Dolby can offer servers
 11 capable of doing that. In addition, a theater owner wishing to use the Dolby Atmos
 12 sound system has to purchase additional hardware, including an expensive external
 13 sound processor (the Dolby CP850 cinema sound processor) to enable Dolby’s
 14 Atmos soundtrack to be heard. In contrast, a theater owner wishing to offer the
 15 DTS:X immersive sound experience to its customers does not need to buy any such
 16 additional or expensive sound processing hardware.

17 18. To protect Dolby’s investment in its Atmos sound system, defend its
 18 clumsy and expensive set-up, and to compel theater owners to use Dolby’s sound
 19 system instead of DTS’s sound system, Dolby is using its claimed intellectual
 20 property right in the interoperability codes to pressure GDC’s customers to not use
 21 GDC servers. Dolby wants them to use Dolby servers, or others’ servers that use
 22 Dolby’s Atmos system.

23 19. In pursuit of these ends, Dolby could design, price, and service
 24 products and technologies that are superior to those offered by GDC. But Dolby has
 25 failed to do so. As a result, Dolby has had to resort to telling GDC’s current and
 26 potential customers that GDC’s products are not compatible with Dolby’s products
 27 and that by interconnecting them, Dolby’s intellectual property rights are being
 28 violated. To that end, on April 8, 2016, and for the first time in the many years that

1 these companies have been making available to one another their protocols and
 2 interconnection codes, Dolby notified GDC in writing that its protocols and
 3 interconnection codes are subject to copyright and other unspecified intellectual
 4 property rights. Further, Dolby demanded that GDC refrain from telling GDC's
 5 customers that GDC has the right to use Dolby's interconnection codes.

6 20. GDC is informed and believes that Dolby knows that these assertions,
 7 and its similar statements to GDC's customers, are false: Dolby knows that GDC's
 8 products are compatible with those that Dolby sells. Dolby knows, for example, that
 9 GDC's software is able to control Dolby's digital cinema hardware.

10 21. GDC is informed and believes that Dolby also knows that the
 11 interoperability codes that permit Dolby's products to interoperate with GDC's
 12 products—and with the products sold by every other competitor in the digital
 13 cinema industry—are not protectable forms of intellectual property, whether under
 14 copyright law or otherwise. A search of the U.S. Copyright office reveals that
 15 Dolby has registered dozens of digital cinema-related works for copyright
 16 protection. The claimed intellectual property Dolby has told GDC's customers that
 17 they and GDC are infringing is nowhere to be found within those registrations. And
 18 in its April 8, 2016, letter to GDC, Dolby admitted that it has not previously sought
 19 copyright registration for those codes or their related information.

20 22. GDC is informed and believes that Dolby also knows that, even if these
 21 interoperability codes and related information were protectable as a matter of
 22 copyright or other law, GDC is engaged in fair use and its conduct is otherwise
 23 lawful. GDC writes its own software code for the GDC TMS. The only element of
 24 Dolby's protocol that GDC uses is the set of messages/commands and
 25 corresponding hexadecimal interoperability codes. Dolby allows every other
 26 participant in the industry to use this information. Dolby has never asked GDC, and
 27 GDC is informed and believes that Dolby has never asked any other industry
 28 participant, to sign a license or any other form of grant or permission to use that

information in the products of Dolby's competitors. To the contrary, and as quoted above, Dolby has informed GDC (and presumably others who have made the same requests) that no license, NDA, or other legal document is necessary to access and use this information.

23. In light of Dolby's false and disruptive communications to GDC's existing and potential customers, and the assertions in Dolby's April 8, 2016, letter, GDC has no choice but to seek judicial relief through this action.

The Parties

9 24. Plaintiff GDC Technology Limited is a British Virgin Island
10 corporation with its principal place of business at 39 Healthy Street East, Unit 1-7,
11 20th Floor, Kodak House II, North Point, Hong Kong. GDC is a leading global
12 digital cinema solutions provider, with the second largest installed base of digital
13 media servers globally and the largest installed base in the Asia-Pacific region. In
14 addition to selling digital media servers, GDC sells TMS software. GDC's TMS
15 software interfaces with media servers produced both by GDC and other companies.
16 GDC conducts business in California through offices located in this District.

17 25. Defendant Dolby is a Delaware corporation with its corporate
18 headquarters located at 1275 Market Street, San Francisco, California 94103 and its
19 digital cinema business operations located in this District at 3601 West Alameda
20 Avenue, Burbank, California 91505. Doremi Labs, located in this District at 1020
21 Chestnut Street, Burbank, California 91505 became a wholly-owned subsidiary of
22 Dolby in 2014. Its digital cinema products, including media server and TMS
23 software, are sold under the Dolby nameplate. Its officers and employees have
24 engaged in the conduct at issue in this case.

Allegations Common To All Claims For Relief

26 26. At its core, this is a dispute over whether Dolby has a right to claim
27 that various four-digit hexadecimal interoperability codes used to issue commands
28 to computer hardware merit copyright or other intellectual property protection, and,

1 even if so, whether Dolby can tell GDC's customers that GDC's use of those codes
 2 is unlawful. To understand how these interoperability codes function, it is first
 3 necessary to delve into the mechanics of digital cinema systems.

4 **Digital Cinema, TMS, and Interoperability Codes**

5 27. Digital cinema systems are most easily explained via analogy to a
 6 comparable entertainment system: the typical home theater. Like a digital cinema
 7 system, a home theater may consist of hardware purchased from several different
 8 manufacturers. Generally, each piece of hardware—whether it be a television
 9 screen, a sound system, a DVR, a set-top box, or something else—comes with its
 10 own remote control and instruction manual dictating how to use the hardware. The
 11 result is that the user can be overwhelmed by myriad remotes and instructions,
 12 unable to efficiently synchronize these systems and enjoy a painless viewing
 13 experience.

14 28. To combat that problem, many consumers purchase universal remotes,
 15 or program one remote (such as the one supplied with their set-top box) to operate
 16 all of the hardware. As their name suggests, these remotes are designed such that
 17 they can operate with every piece of hardware, no matter the model or make. That
 18 is, they enable the user to control the entire home theater using a single interface—
 19 the remote itself.

20 29. Manufacturers, however, cannot make functional universal remotes in a
 21 vacuum. Although they can design a remote control capable of sending the Infra-
 22 Red (“IR”) pulses needed to execute numerous functions of the hardware, the
 23 remote cannot communicate with a piece of hardware unless it knows some of that
 24 hardware’s “vocabulary.” Thus, a universal remote manufactured by Company B
 25 can only tell a Company A television set to turn on the power if it knows the
 26 specific word or command associated with that function.

27 30. In that regard, TMS software is akin to the universal remote for digital
 28 cinema. One of the four main components of any digital cinema system, TMS

1 software allows cinema exhibitors to govern and control—via one interface—the
 2 other three primary components that comprise a modern digital cinema system:
 3 (a) a media server, which stores the video and audio content of a motion picture and
 4 “plays” those files when instructed; (b) a sound processor, which receives the audio
 5 signal from the server when the motion picture is being shown to the audience; and
 6 (c) a digital projector, which converts the video signal received from the server into
 7 an image on the theater’s screen.

8 31. However, like a universal remote, TMS software cannot communicate
 9 with a given piece of hardware unless it knows that hardware’s vocabulary—or
 10 messages and commands—for particular functions. A Dolby media server’s
 11 commands generally consist of four-digit hexadecimal (two byte) interoperability
 12 codes. To illustrate, the hexadecimal digits “A1B2” could be used as a Dolby media
 13 server command tell the media server to begin playback of the motion picture.

14 32. Historically, GDC, Dolby, and other media server manufacturers have
 15 freely shared these interoperability codes, presumably on the understanding that the
 16 more TMS software that can run their hardware, the more versatile—and thus
 17 attractive—the hardware is to digital cinema exhibitors. And for years, TMS
 18 software developers have employed these interoperability codes to ensure that their
 19 software can function in any digital cinema system. Indeed, Dolby and GDC have
 20 previously exchanged interoperability codes.

21 33. Additionally, Dolby and GDC neither made any claim to intellectual
 22 property rights in these interoperability codes, nor sought to license the use of these
 23 interoperability codes.

24 34. Notably, the only information of Dolby—or any other company—that
 25 GDC’s TMS software uses are these interoperability codes and associated messages
 26 and commands. That is industry practice. Like its other competitors, GDC writes
 27 its own code for the TMS software itself.

1 **Doremi Interoperability Codes**

2 35. For years, Doremi has shared its interoperability codes and related
 3 information with manufacturers and other participants in the digital cinema industry.
 4 GDC has used the Doremi interoperability codes and related information to enable
 5 its TMS software to interface with Doremi's media servers.

6 36. Until recently, GDC's use of Doremi's interoperability codes has been
 7 a non-event, as demonstrated by Doremi's lack of any reaction or response. Doremi
 8 has known that many TMS software providers have been using the Doremi
 9 interoperability codes to ensure that their TMS software could interface with
 10 Doremi's media servers. GDC is unaware of any efforts by Doremi to interfere with
 11 this use; presumably Doremi did not believe that it had legal grounds to do so.

12 **Dolby Acquires Doremi in October 2014**

13 37. Dolby and GDC have had an amicable relationship for years. As noted
 14 above, Dolby provided GDC with the interoperability codes necessary for GDC's
 15 TMS software to communicate with Dolby's digital cinema servers.

16 38. On information and belief, this relationship changed in late 2014, when
 17 Dolby acquired Doremi Labs. This purchase represented an intensification of
 18 Dolby's efforts to dominate the digital media server market and the market for a
 19 new generation of theater sound processing, known as "immersive sound." At that
 20 point, Dolby began selling Doremi media servers under the Dolby nameplate and
 21 used Doremi's interoperability codes to control those servers. And Dolby has
 22 refused to support the DTS:X sound format in its digital cinema products.

23 39. Around the same time that Dolby was bolstering its media server
 24 offerings, GDC sought to expand its audio offerings. To that effect, GDC
 25 announced in April 2015 that it was the licensee for DTS:X, the new immersive
 26 sound processing technology developed by DTS. Just as GDC competed with
 27 Dolby in the TMS and media server market, DTS competed with Dolby in the sound
 28 processing technology market.

1 40. Thus, by mid-2015, Dolby faced a dilemma. Its major competitor in
 2 the media server market was now offering cinema exhibitors an alternative to
 3 Dolby's own sound processing technology—Dolby Atmos. Accordingly, to
 4 preserve its server market share, Dolby had to stifle GDC's ascendance.

5 41. Generally, when confronted in the marketplace by a superior product,
 6 companies seek to generate a competitive edge by developing new technology,
 7 improving product performance, offering improved customer service, or simply by
 8 dropping the price of extant products.

9 42. Dolby apparently did not believe these to be viable options to continue
 10 competing with GDC. Instead of focusing on its own offerings, Dolby sought to
 11 attack the GDC alternatives.

12 43. This effort began with a campaign to dissuade cinema exhibitors from
 13 using GDC's TMS software to control Dolby digital media servers. GDC is
 14 informed and believes that, in late 2015, Dolby began contacting digital cinema
 15 exhibitors with whom it knew GDC currently had contractual relationships or with
 16 whom it believed GDC would soon enter into contractual relationships (collectively,
 17 "GDC customers") to provide GDC TMS software that could interface with a
 18 variety of digital cinema system products, including Dolby's.

19 44. GDC is informed and believes that, although Dolby knew that its
 20 interoperability codes and related information were not protectable under U.S.
 21 copyright law (or any other U.S. intellectual property regime), it nonetheless falsely
 22 represented to GDC customers that GDC's use of these codes and information
 23 violated Dolby's intellectual property rights.

24 45. For example, in a March 19, 2016 letter one of GDC's customers, PVR
 25 Pictures, one of the largest theater operators in the world, Mike Archer, a Dolby
 26 executive and former Vice President of Digital Cinema Sales at Doremi, wrote:

27 It was brought to my attention that PVR has decided to deploy
 28 the GDC TMS to control Dolby/Doremi servers. I feel I am obligated

1 to inform you that we have authorized the use inside of China, but
 2 GDC is not authorized to use their TMS to control our servers outside
 3 of China.

4 Being a public company like Dolby, I'm sure you can appreciate
 5 our concern when other companies choose to honor our request as it
 6 relates to our IP.

7 46. This letter had its intended effect. Dolby immediately plunged GDC's
 8 relationship with PVR into turmoil, jeopardizing GDC's extant contractual relations.
 9 By knowingly invoking baseless infringement claims, Dolby has damaged and
 10 continues to damage GDC's current and future contractual relationships via unfair
 11 business methods.

12 47. In addition to telling GDC's customers (and, by necessity, Dolby's own
 13 customers) that using GDC TMS to control Dolby servers violates Dolby's
 14 intellectual property rights, GDC is informed and believes that Dolby falsely has
 15 represented to GDC's customers that GDC's products are not compatible with
 16 Dolby's products, including Dolby media servers.

17 48. As stated above, Dolby also communicated with industry participants
 18 with whom Dolby expected GDC to conduct future business. Dolby told such
 19 potential GDC customers that GDC's TMS software was not authorized to operate
 20 Dolby media servers (implying that Dolby's authorization was necessary because
 21 the information needed to interoperate the products constituted Dolby's intellectual
 22 property), that using the TMS software to operate Dolby's media servers would
 23 violate Dolby's legal rights, and that such potential purchasers should not buy
 24 GDC's products. Believing Dolby's representations to be true, these potential GDC
 25 customers refrained from purchasing GDC's TMS software.

26 49. In an effort to resolve dispute informally, GDC wrote Dolby on March
 27 23, 2016, and stated that Dolby's interoperability codes were not copyrightable and
 28

that therefore GDC's use of these interoperability codes did not constitute infringement. GDC invited further discussion to avoid a dispute.

3 50. Dolby was not interested. It responded on April 8, 2016 with a cease
4 and desist letter from its outside litigation counsel. In that letter, Dolby rejected
5 GDC's position, and maintained both that it held a valid copyright in its
6 interoperability codes and that "any offer, sale or other dissemination by GDC of
7 any product that incorporates or uses in any way Dolby's [Protocol] absent express
8 written authorization or license from Dolby," constituted copyright infringement.
9 Dolby additionally "demand[ed] that GDC cease any communication with any third
10 party" stating that GDC may lawfully use Dolby's interoperability codes.

11 51. Dolby knows that many other TMS manufacturers currently use
12 Dolby's interoperability codes. Yet Dolby has taken no action against those
13 manufacturers.

14 52. Dolby has never approached GDC with respect to licensing Dolby's
15 interoperability codes, and GDC is informed and believes that Dolby has not entered
16 into a licensing agreement with any TMS software manufacturer to authorize that
17 manufacturer to use Dolby's alleged property.

First Claim for Relief:

Intentional Interference With Contract

20 53. GDC incorporates by reference the allegations in paragraphs 1 through
21 52 above, as if set forth fully herein.

22 54. GDC possesses valid contracts with various digital cinema exhibitors,
23 including PVR Cinemas, to provide and service TMS software capable of operating
24 with a wide variety of media servers, including Dolby's media servers.

25 55. Dolby is and, at all material times, has been aware of the existence of
26 these contracts. Indeed, it could not have written the offending letters were it
27 unaware of these relationships.

56. Dolby engaged in conduct that was calculated to disrupt GDC's rights under those contracts and to make performance under those contracts more difficult, and achieved those ends. In doing so, Dolby has prevented GDC from realizing the benefits of these contractual relationships. To achieve those ends, Dolby has, among other things, contacted GDC's customers and falsely stated that the use of GDC's TMS software to control Dolby media servers violates Dolby's intellectual property rights.

57. GDC has been damaged as a result of Dolby's intentional interference with GDC's contracts in an amount to be proven at trial, including, but not limited to, the profits GDC would have made but for Dolby's interference.

58. Dolby's acts were undertaken intentionally and in conscious disregard of GDC's rights. In addition, Dolby's acts were malicious, oppressive, and/or fraudulent. Therefore, GDC should be awarded punitive and exemplary damages sufficient to punish Dolby and to deter similar conduct in the future.

59. Defendants' conduct indicates that it has no intention to stop harassing either GDC or GDC's customers—and, unless restrained, will not do so—to GDC's great and irreparable injury, for which damages would not afford adequate relief, in that they would not completely compensate for the injury to GDC's business reputation, goodwill, and integrity amongst the digital cinema exhibitors.

Second Claim for Relief:

Intentional Interference

With Prospective Economic Advantage

60. GDC incorporates by reference the allegations in paragraphs 1 through 52 as set forth fully herein.

61. Before Dolby's 2016 letter-writing campaign, GDC was actively developing business relationships to provide TMS software and servers to digital cinema exhibitors and manufacturers.

1 62. Dolby is and, at all material times, has been aware of the existence of
 2 GDC's prospective contractual relationships. Dolby could not have sent GDC's
 3 customers the kinds of communications that it has been sending were it unaware of
 4 these prospective contractual relationships.

5 63. GDC is informed and believes that Dolby falsely represented to
 6 potential GDC customers that Dolby held property rights in its interoperability
 7 codes and related information even though Dolby knew that it did not possess any
 8 legitimate intellectual property rights in that information. GDC is also informed and
 9 believes that Dolby falsely represented to these digital cinema exhibitors and
 10 manufacturers that GDC's TMS software was not interoperable with Dolby's
 11 products.

12 64. Dolby's representations were calculated to disrupt GDC's ongoing
 13 business negotiations with prospective customers. Dolby contacted potential GDC
 14 customers with the intent to induce them to sever their business relationships with
 15 GDC and ensure that they did not enter into contracts to purchase GDC's TMS
 16 software.

17 65. Dolby's false representations as alleged above were wrongful,
 18 constituting, among other things, an unfair business practice in violation of
 19 California Business & Professions Code Section 17200 *et seq.*

20 66. GDC is informed and believes that, because of Dolby's false
 21 representations to potential GDC customers, those customers severed their business
 22 relationships with GDC.

23 67. As a result of Dolby's intentional interference with GDC's prospective
 24 economic advantage, GDC suffered damages in an amount to be proven at trial.
 25 Because of Dolby's intentional acts, GDC will not realize the profits (and the
 26 concomitant value of further developing the customer relationships with which
 27 Dolby's conduct has interfered) from these prospective business relationships that it
 28 would have realized, but for Dolby's conduct described herein.

68. Dolby's acts were undertaken intentionally and in conscious disregard of GDC's rights to compete fairly in the marketplace. In addition, Dolby's acts were malicious, oppressive, and/or fraudulent. Therefore, GDC should be awarded punitive and exemplary damages sufficient to punish Dolby and to deter similar conduct in the future.

69. Defendants' conduct indicates that it has no intention to stop harassing either GDC or GDC's potential customers—and, unless restrained, will not do so—to GDC's great and irreparable injury, for which damages would not afford adequate relief, in that they would not completely compensate for the injury to GDC's business reputation, goodwill, and integrity amongst digital cinema exhibitors and manufacturers.

Third Claim For Relief:

Unfair Competition

Under Cal. Bus. & Prof. Code § 17200 *et seq.*

70. GDC incorporates by reference the allegations in paragraphs 1 through 52 as set forth fully herein.

71. GDC is informed and believes that, beginning in late 2015, Dolby began contacting GDC's current and potential customers, informing that that the use of GDC's TMS software to control Dolby's media servers violated Dolby's intellectual property rights. GDC is additionally informed and believes that Dolby represented that GDC's TMS software was incompatible with Dolby's media servers.

72. GDC is informed and believes Dolby's representations were false, and that Dolby knew they were false when it made them. Dolby nonetheless made these untruthful representations in an effort to unfairly compete with GDC.

73. As a direct, proximate, and foreseeable result of Dolby's wrongful conduct, GDC's relations with both its current customers and potential future customers have been damaged, injuring GDC.

74. In a March 23, 2016 letter to Dolby, GDC expressed its concern that Dolby's communications to GDC customers regarding the use of GDC's products, and their compatibility with Dolby's products, were not correct. Dolby responded on April 8, 2016, by stating that Dolby's letters had been truthful. In the same letter, Dolby demanded that GDC cease communicating informing to its customers on these matters even though that information is, in fact, truthful.

7 75. Dolby's actions hereinabove alleged are acts of unfair competition
8 within the meaning of Business and Professions Code Section 17203. GDC is
9 informed and believes that Dolby will continue to make false representations to
10 GDC's customers unless and until the court orders GDC to cease and desist.

Fourth Claim For Relief:

Declaratory Judgment

Concerning Dolby's Claimed Intellectual Property

14 76. GDC incorporates by reference the allegations in paragraphs 1 through
15 52 as set forth fully herein.

16 77. To control the operation of Dolby's media servers, GDC's TMS
17 software uses various Dolby's interoperability codes, as well as the associated
18 messages, commands, and other related information (collectively, "Dolby's Alleged
19 Property").

20 78. Dolby has written letters to GDC's customers stating that using GDC's
21 TMS software to control Dolby media servers outside of China violates Dolby's
22 intellectual property rights in the interoperability codes and other elements of
23 Dolby's Alleged Property.

24 79. Dolby has written to GDC, asserting that Dolby possesses the copyright
25 in the interoperability codes and other elements of Dolby's Alleged Property.
26 Dolby's letter suggests the possibility that Dolby's Alleged Property may constitute
27 some other form of intellectual property, such as a trade secret. In the same letter,
28 Dolby noted that GDC does not have a license to use the interoperability codes, and

1 that “any unauthorized or unlicensed use or dissemination of Dolby’s
 2 [interoperability codes] by GDC would constitute an infringement of Dolby’s
 3 rights.”

4 80. Dolby has also “demand[ed] that GDC cease any communication with
 5 any third party that GDC does have a right” to use Dolby’s Alleged Property.

6 81. Contrary to Dolby’s assertions, the four-digit hexadecimal (two byte)
 7 interoperability codes, as well as the other elements of Dolby’s Alleged Property,
 8 are not subject to copyright protection or any other form of intellectual property,
 9 such as a trade secret. Among other reasons, the foregoing do not possess the
 10 requisite modicum of creativity, are functional, and represent the merger of idea and
 11 expression. And Dolby has publicly disclosed the information contained in its
 12 Alleged Property, thereby stripping it of any trade secret protection.

13 82. Even if Dolby’s Alleged Property is properly the subject of copyright
 14 or trade secret protection, GDC claims, and Dolby disputes, that GDC is engaged in
 15 fair use or other lawful conduct in GDC’s use of Dolby’s Alleged Property to enable
 16 GDC’s TMS software to function with Dolby media servers. Furthermore, Dolby is
 17 estopped from asserting copyright or trade secret claims based upon equitable
 18 doctrines of waiver and laches. Dolby has not asserted its alleged copyright or trade
 19 secret claims against any other company despite knowledge of alleged infringement.
 20 Dolby has knowingly acquiesced as GDC and other companies used Dolby
 21 interoperability codes and other elements of its Alleged Property for years.

22 83. Based on the foregoing, there exists an actual controversy between the
 23 parties over the following:

- 24 a. whether the Dolby Alleged Property, including the
 25 interoperability codes, constitutes copyrightable subject matter;
- 26 b. whether the Dolby Alleged Property, including the
 27 interoperability codes, constitutes any other form of protectable intellectual
 28 property, such as a trade secret;

c. whether, even if the Dolby Alleged Property, including the interoperability codes, constitutes copyrightable subject matter, GDC's use violates any copyright therein or is subject to an affirmative defense; and,

d. whether, even if the Dolby Alleged Property, including the interoperability codes, constitutes any other form of protectable intellectual property, such as a trade secret, GDC's use violates the rights therein or is subject to an affirmative defense.

Prayer for Relief

WHEREFORE, GDC respectfully requests that this Honorable Court enter judgment in its favor and order the following relief:

On the First and Second Claims for Relief

1. For compensatory damages according to proof in an amount to be determined at trial;
2. For an award of exemplary damages against Dolby sufficient to make an example of and punish Dolby for its willful misconduct as alleged herein;

On the First, Second, and Third Claims for Relief

3. For injunctive and other relief preventing Dolby from engaging in acts of interference with GDC's existing and future business relationships and acts of unfair competition;

On the Fourth Claim for Relief

4. For a judicial declaration that:
 - a. The Dolby Alleged Property, including the interoperability codes, does not constitute copyrightable subject matter;
 - b. The Dolby Alleged Property, including the interoperability codes, does not constitute any other form of protectable intellectual property, such as a trade secret;

- c. Even if the Dolby Alleged Property, including the interoperability codes, constitutes copyrightable subject matter, GDC's use does not violate any copyright therein or is subject to an affirmative defense, such as fair use, waiver, acquiescence, or laches; and,
- d. Even if the Dolby Alleged Property, including the interoperability codes, constitutes any other form of protectable intellectual property, such as a trade secret, GDC's use does not violate the rights therein or is subject to an affirmative defense.

On All Claims for Relief

5. For attorneys' fees and costs expended in the prosecution of this action to the full extent permitted by law; and
6. For such other and further relief as the Court deems appropriate.

Dated: April 11, 2016 _____

IRELL & MANELLA LLP
Robert M. Schwartz
Victor Jih
Charles Elder

By: 

Robert M. Schwartz
Attorneys for Plaintiff
GDC Technology Limited

Demand For Jury Trial

GDC hereby demands a jury trial on all issues properly triable to a jury.

Dated: April 11, 2016 _____

IRELL & MANELLA LLP
Robert M. Schwartz
Victor Jih
Charles Elder

By: Robert M. Schwartz
Robert M. Schwartz
Attorneys for Plaintiff
GDC Technology Limited